

HR 3162
The Children's Health and Medicare Protection Act
(CHAMP ACT)

PROTECTING CHILDREN'S HEALTH: The CHAMP Act improves and extends the State Children's Health Insurance Program (CHIP) which would otherwise expire on September 30, 2007. CHIP currently provides health insurance to 6 million children and is a federal-state partnership. Without changing the current parameters for income eligibility for CHIP, the CHAMP Act extends coverage to another 5 million children – so that 11 million children will be covered under the program.

This growth in enrollment is possible because the CHAMP Act revises the payment formula for states and dramatically improves outreach and enrollment via new incentive payments to states and streamlined eligibility for children.

The CHAMP Act improves the benefits available to children by assuring coverage of dental care and mental health parity.

The CHAMP Act grants states the option of covering pregnant women and increasing CHIP eligibility to age 21 to match Medicaid's age limit. It also permits states to cover legal immigrant children and legal immigrant pregnant women, who otherwise meet the requirements for coverage under CHIP. States are given a new option to cover family planning services without a waiver.

MEDICARE BENEFICIARY IMPROVEMENTS: The CHAMP Act improves preventive health coverage by providing Medicare with the authority to add new preventive health benefits without Congressional approval. It also eliminates co-insurance and waives deductibles for all preventive benefits. It reduces Medicare's discriminatory 50% co-payment on outpatient mental health services to the standard 20% and adds additional mental health providers to Medicare so that services are more widely available. It also requires important new steps to reduce racial and ethnic health disparities.

The CHAMP Act significantly improves programs that assist low-income beneficiaries by expanding and improving the Low Income Subsidy (LIS) program for drugs and the Medicare Savings Programs (MSP). These programs pay beneficiary premiums, lower co-payments, and reduce drug costs.

All beneficiaries win better consumer protections under the CHAMP Act. For example, it allows beneficiaries to change drug plans if they are adversely affected by a drug plan formulary changes during the year and codifies the requirement that Part D plans cover all or substantially all drugs in six important therapeutic classes of drugs.

MEDICARE PHYSICIAN PAYMENT REFORM: The CHAMP Act stabilizes physician reimbursement by eliminating the impending 2008 and 2009 fee cuts (projected to be -10.0 percent and -5.0 percent, respectively) and puts in place a positive 0.5 percent update in both

2008 and 2009. The bill also lays the foundation for a future physician reimbursement system that promotes quality of care and maximizes efficiency.

MEDICARE ADVANTAGE REFORM: The CHAMP Act phases out MA overpayments over four years to 100% of FFS in 2011. This change extends Medicare solvency by three years and restores equity in Medicare premiums for all beneficiaries.

It improves consumer protections by developing a Federal/State system to regulate private plan marketing and other activities. It prohibits private plans from charging higher cost-sharing than fee-for-service Medicare. It requires plans to meet minimum requirements regarding level of spending on medical benefits (versus administrative costs, overhead or profit).

It extends the Special Needs Plans (SNPs) that were set to expire next year for another three years and puts increased consumer protection standards in place for these plans to ensure that they are meeting the needs of the special populations they are designed to protect.

RURAL HEALTH IMPROVEMENTS: The CHAMP Act preserves payment equity for rural Medicare fee-for-service providers. The bill extends otherwise expiring provisions in law that, if left unchanged, would negatively affect rural beneficiaries' access to physicians, hospitals, home health, ambulance services, and lab services.

MEDICARE PROVIDER PAYMENTS AND ADDITIONAL IMPROVEMENTS: The CHAMP Act takes into account recommendations from the non-partisan Medicare Payment Advisory Commission and refines payments for a variety of institutional providers including skilled nursing facilities, home health agencies, rehabilitation facilities, long-term care hospitals, cancer hospitals and rural and small urban hospitals.

It updates Medicare coverage policy for a range of providers. Improvements include: continuing the therapy cap exceptions process and planning for an improved payment system; improving coverage for speech language pathologists, nurse midwives, marriage and family therapists, mental health counselors; and assuring access to clinical social workers for beneficiaries in nursing homes. Ends the ability of physicians to refer to hospitals in which they have ownership. Reduces rental period for oxygen equipment, and eliminates first month purchase of wheelchairs. Provides patient-education services for pre-dialysis beneficiaries, puts quality programs in place, and modernizes the ESRD payment system.

The CHAMP Act establishes a comparative effectiveness program to provide the information doctors and patients need to choose the best treatments, leading to better health outcomes and value nationwide. It requires the Medicare agency to design a program to require adoption of an interoperable open source health information technology system for all Medicare providers.

Importantly, the CHAMP Act overrides provisions that have been inserted into the law in recent years that are designed to privatize Medicare – or turn it into a voucher. In contrast, the CHAMP Act protects Medicare as a guaranteed benefit for today's and tomorrow's senior citizens and people with disabilities.

FINANCING: The bulk of the CHAMP Act is financed through adjusting current federal health spending. The only other funding source in this bill is increasing the current federal excise tax on cigarettes by \$.45 a pack – significantly less than the \$.61 a pack proposal in the Senate. The tobacco tax is sound fiscal and health policy. Raising the cost of cigarettes is the best way to stop children from starting to smoke in the first place. It will save a million kids from addiction, saving billions in health care dollars and tens of thousands of young lives.